

The complaint

Mrs O is unhappy with the quality of a car supplied to her under a hire purchase agreement with MotoNovo Finance Limited (“MotoNovo”).

What happened

Mrs O acquired a used car under a 61 month hire purchase agreement with MotoNovo in May 2023. The car was seven years old and the cost of the car was around £33,071. Mrs O paid a deposit of £2,200 and part exchanged a previous car valued at £8,950. Under the agreement, Mrs O was required to make 59 monthly payments of £488.82 followed by one payment of £489.82. The car was supplied from a dealership I’ll refer to as “D”. At the time the car was supplied to Mrs O, the mileage was around 47,350.

Due to delays related to issues with the key, Mrs O said she collected the car from D in June 2023. The same day, Mrs O said a fault code appeared on the dashboard and the car had gearbox issues. She said due to safety reasons, she stayed overnight at a service station. Mrs O complained to MotoNovo and said there was an issue with the car because it wouldn’t allow Mrs O to go below third gear. She also mentioned that there were a number of warning lights.

Mrs O instructed an independent expert to review the car. The mileage at the time the inspection was carried out was around 48,000. The independent report confirmed that the car had warning lights, there was significant gearbox malfunction, the ignition key didn’t always connect, the gears weren’t engaging correctly, the tyre pressure light was faulty and the rear seats didn’t fold. Issues with the electric windows, audio system and light bulbs were also noted. The report concluded that the car was unsafe to drive.

MotoNovo agreed to support Mrs O’s request to reject the car and unwind the agreement. It also agreed to reimburse the deposit amount, the part exchange amount, £198 for the cost of the independent report, £1,446.46 for the monthly payments made so far and to amend Mrs O’s credit file. Whilst Mrs O agreed with this, she said she had incurred further expenses and wanted MotoNovo to cover these.

Following this, MotoNovo agreed to cover Mrs O’s car hire costs between 8 July 2023 to 15 July 2023 and 19 August to 31 August 2023. It said it reimbursed these costs between these dates due to delays it caused. MotoNovo also reimbursed Mrs O for some of the train journeys she made. It paid Mrs O an additional payment totalling £1,670.82. In, September 2023, the car was collected from Mrs O.

Unhappy with this, Mrs O referred her complaint to this service in February 2024. She reiterated her complaint and said the settlement of her complaint left her out of pocket. She said her expenses totalled £6,451.06 but MotoNovo only agreed to cover £1,670.82, which left her £4,870.24 out of pocket.

Our investigator looked into Mrs O’s complaint but he didn’t think that MotoNovo needed to reimburse Mrs O with any further costs. He said MotoNovo had carried out an appropriate remedy and he couldn’t consider the impact to Mrs O’s family as a result of the issues with the car.

Mrs O disagreed. As Mrs O remains in disagreement, the case has been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mrs O was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

I've read and considered the whole file and acknowledge that both parties have raised a number of different complaint points. I've concentrated on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it – but because I don't think I need to comment on it in order to reach what I think is the right outcome. The rules of this service allow me to do this.

In this case, neither party appears to dispute that the car had faults. I'm satisfied, having reviewed all the supporting information, that the car was of unsatisfactory quality at the time it was supplied to Mrs O.

The outstanding issue for me to decide is whether MotoNovo has done enough to put things right.

MotoNovo agreed to allow Mrs O to reject the car and to pay back her deposit amounts of £2,200 and £8,950. It collected the car from Mrs O at no cost to her in September 2023. It also agreed to refund the monthly repayments of £1,446.46, pay £198 for the cost of the independent report and amend Mrs O's credit file. Having reviewed the file, I think it was fair for MotoNovo to pay these amounts to Mrs O.

Mrs O remains unhappy with the compensation MotoNovo offered for the distress and inconvenience caused and her consequential losses. So I've considered whether I think MotoNovo has done enough here to put things right.

Mrs O has explained that she was required to frequently transport her children in the car. She said as she didn't have the car, her children were required to take alternative transport such as trains, taxis and she had to hire a car. She said she missed important events with her children because she didn't have a car. And she said she missed important meetings at her place of work, which is two hours away from where she lives, as a result of the car being faulty. Mrs O said the cost of the car hire was expensive and she had reached the limits on her credit cards as a result of hiring cars. She requested MotoNovo pay her costs totalling £6,541.06 for alternative transport.

MotoNovo agreed to pay for the cost of Mrs O's journeys to work which she evidenced. It didn't agree to pay for the costs of other journeys which were not to her place of work. It also didn't agree to pay for some taxi costs because it didn't appear that Mrs O was making these journeys. It agreed to cover Mrs O's car hire costs between 8 July 2023 to 15 July 2023 and 19 August to until 31 August 2023 which totalled £1,162.74. In total, it offered to reimburse Mrs O £1,670.82. It has already paid this amount to Mrs O.

I've been provided with a copy of the costs Mrs O says she incurred for alternative transport as a result of the issues with the car. Mrs O has also provided receipts to prove these costs. Having reviewed the supporting information provided by Mrs O, I'm not persuaded that MotoNovo should make any further payments to Mrs O. I'll explain why.

Mrs O says she wouldn't have incurred consequential losses totalling £6,541.06 if the car hadn't been faulty. In this case, MotoNovo has already reimbursed Mrs O with the monthly payments she paid whilst the car was faulty. But if the car hasn't been faulty, Mrs O would have been liable for the monthly payments. I think it would be unfair to suggest that MotoNovo should cover the cost of the monthly payments and also the cost of all the alternative transport, as it would mean Mrs O hasn't paid for the use of any transport, when she ordinarily would have, had the car not been faulty.

MotoNovo has already reimbursed Mrs O for some of her car hire costs. It has also reimbursed Mrs O for some of the train journeys she made, specifically for those which appear to be for travel to work. I note that around a third of the journeys Mrs O has submitted receipts for overall, were made whilst she also had use of a hire car. So, it's unclear whether alternative transport would have been used to make these/other journeys, even if Mrs O's car wasn't faulty. Mrs O says she had to use alternative transport as the hire car wasn't large enough, but not all of the journeys made appear to be for family events and in any event, I can only consider Mrs O's loss. In addition, some of the taxi journeys Mrs O has provided supporting information for aren't for journeys to her declared living address or her place of work and it isn't clear who is making the taxi or train journeys. Having considered all this, I'm satisfied that MotoNovo has already reimbursed Mrs O for reasonable consequential losses that she incurred.

Overall, given that Mrs O was always required to pay to use transport if the car hadn't been faulty, I'm satisfied that MotoNovo has fairly reimbursed Mrs O for the reasonable costs she incurred. I appreciate Mrs O is likely to disagree with this, but it would be unfair for me to suggest that Mrs O shouldn't pay for the use of any transport whilst she didn't have a car. So, MotoNovo doesn't need to make any further payments to Mrs O.

Mrs O has told this service that she missed important events and meetings at work. In addition, she was having to make use of alternative transport, she had to spend a night at a hotel due to the issues with the car and had to liaise with the business in an attempt to resolve her complaint. I'm sorry to hear about all of this and I accept that all of this would have caused Mrs O distress and inconvenience. I think MotoNovo's offer to pay Mrs O £200 compensation, which it has already paid, for the distress and inconvenience caused is fair and reasonable in all the circumstances. So it follows that I'm not asking MotoNovo to take any further action.

My final decision

My final decision is that I do not uphold Mrs O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 29 July 2024.

Sonia Ahmed
Ombudsman